

**CENTRAL GOVERNMENT FISCAL RESULT**

In September 2011, the Central Government primary balance was a R\$ 5.4 billion surplus, compared to a R\$ 2.5 billion surplus in August. The National Treasury contributed to the month's performance with a surplus of R\$ 14.8 billion. The Social Security System (RGPS) and the Central Bank recorded deficits of R\$ 9.4 billion and R\$ 68.2 million, respectively.

*In September, the Central Government primary balance was a R\$ 5.4 billion surplus, against a R\$ 2.5 billion surplus in August.*

**TABLE 1**  
**CENTRAL GOVERNMENT PRIMARY BALANCE(\*)**  
**BRAZIL, 2010-2011**

DESCRIPTION	R\$ Million			
	AUG 2011	SEP 2011	JAN - SEP 2010 2011	
<b>I. TOTAL REVENUE</b>	<b>74,965.2</b>	<b>78,476.1</b>	<b>676,709.8</b>	<b>723,592.5</b>
<b>I.1. National Treasury Revenues</b>	<b>54,293.8</b>	<b>58,472.3</b>	<b>528,994.6</b>	<b>551,624.1</b>
I.1.1. Gross Revenue (1)	56,611.4	59,909.5	538,835.4	562,226.9
I.1.1.1. Taxes	25,321.3	25,435.0	211,513.5	259,684.9
I.1.1.2. Contributions	23,171.2	22,753.7	178,365.1	214,516.1
I.1.1.3. Other	8,118.9	11,720.8	148,956.8	88,025.9
<i>Oil Exploration Cession</i>	0.0	0.0	74,807.6	0.0
I.1.2. (-) Restitutions	-2,316.7	-1,336.7	-9,742.1	-10,353.2
I.1.3. (-) Fiscal Incentives	-0.9	-100.4	-98.6	-249.6
<b>I.2. Social Security Revenues</b>	<b>20,450.9</b>	<b>19,793.4</b>	<b>145,960.9</b>	<b>170,112.1</b>
I.2.1 Social Security Revenues - Urban (2)	19,978.4	19,309.4	142,467.8	166,172.2
I.2.2 Social Security Revenues - Rural (2)	472.5	484.0	3,493.2	3,939.9
<b>I.3. Central Bank Revenues</b>	<b>220.4</b>	<b>210.5</b>	<b>1,754.2</b>	<b>1,856.2</b>
<b>II. TRANSFERS TO STATES AND MUNICIPALITIES</b>	<b>14,188.4</b>	<b>9,633.4</b>	<b>99,610.6</b>	<b>122,705.9</b>
<b>III. TOTAL NET REVENUE (I-II)</b>	<b>60,776.8</b>	<b>68,842.7</b>	<b>577,099.1</b>	<b>600,886.6</b>
<b>IV. TOTAL EXPENDITURE</b>	<b>58,309.2</b>	<b>63,467.3</b>	<b>521,399.6</b>	<b>525,687.9</b>
<b>IV.1 Treasury Expenditures</b>	<b>33,653.5</b>	<b>34,044.8</b>	<b>333,513.0</b>	<b>318,264.9</b>
IV.1.1. Payroll (1)	13,501.5	13,705.2	119,798.0	131,594.8
IV.1.2. Current and Capital Expenditures	19,965.0	20,158.4	212,801.5	185,080.2
IV.1.2.1. Worker Support Fund (FAT)	3,113.7	3,242.3	22,390.3	25,963.4
IV.1.2.2. Economic Subsidies and Grants (3)	588.6	501.8	6,342.7	7,628.6
IV.1.2.3. Assistance Benefits (LOAS/RMV)	2,092.8	2,098.6	16,546.4	18,557.2
IV.1.2.4. Petrobras Capitalization	0.0	0.0	42,927.8	0.0
IV.1.2.4. Other Current and Capital Expenditures	14,169.8	14,315.6	124,594.3	132,931.0
IV.1.2.4.1. Other Current Expenditures	10,677.8	10,990.6	92,381.7	101,581.8
IV.1.2.4.2. Other Capital Expenditures	3,492.0	3,325.0	32,212.6	31,349.2
IV.1.3. Transfer from Treasury to Central Bank	187.0	181.3	913.5	1,589.9
<b>IV.2. Social Security Expenditures (Benefits)</b>	<b>24,376.9</b>	<b>29,143.8</b>	<b>185,728.9</b>	<b>204,999.4</b>
I.2.1 Social Security Benefits - Urban (2)	18,258.9	23,532.0	144,752.6	160,105.9
I.2.2 Social Security Benefits - Rural (2)	6,118.0	5,611.9	40,976.3	44,893.5
<b>IV.3. Central Bank Expenditures</b>	<b>278.8</b>	<b>278.6</b>	<b>2,157.7</b>	<b>2,423.5</b>
<b>V. SOVEREIGN FUND OF BRAZIL - SFB (4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>VI. CENTRAL GOVERNMENT PRIMARY RESULT (III - IV)</b>	<b>2,467.6</b>	<b>5,375.4</b>	<b>55,699.6</b>	<b>75,198.7</b>
VI.1. National Treasury	6,451.9	14,794.0	95,871.0	110,653.3
VI.2. Social Security (RGPS) (5)	-3,926.0	-9,350.4	-39,767.9	-34,887.3
I.2.1 Social Security (RGPS) - Urban (2)	1,719.4	-4,222.5	-2,284.8	6,066.2
I.2.2 Social Security (RGPS) - Rural (2)	-5,645.5	-5,127.9	-37,483.1	-40,953.6
VI.3. Central Bank (6)	-58.3	-68.2	-403.5	-567.3
<b>VII. PRIMARY RESULT/GDP</b>			<b>2.08%</b>	<b>2.51%</b>

MAIN VARIATIONS		
ACCUMULATED JAN - SET %		
DISCRIMINATION	10/09	11/10
<b>Revenues</b>	<b>16.6%</b>	<b>20.2%</b>
Treasury	16.5%	21.5%
Social Security	17.0%	16.5%
<b>Transfers</b>	<b>9.9%</b>	<b>23.2%</b>
<b>Net Revenue *</b>	<b>18.1%</b>	<b>19.6%</b>
<b>Expenditures **</b>	<b>16.8%</b>	<b>9.9%</b>
Benefits	13.6%	10.4%
Payroll	9.3%	9.8%
Current and Capital	26.9%	9.0%
FAT	8.1%	16.0%
Subsidies	149.3%	20.3%
LOAS/RMV	17.8%	12.2%
Other	29.1%	6.7%
Current	21.6%	10.0%
Capital	56.6%	-2.7%
<b>GDP</b>	<b>16.1%</b>	<b>11.6%</b>

\* It includes Petrobras' oil exploration cession  
\*\* It includes Petrobras' capitalization

(\*) Information compiled on the basis of "actual payment", that is, the amount withdrawn from the Single Account. Data revised, subject to change. They do not include FGTS contribution revenues or monetary restatement complement expenses as provided in Complementary Law 110/2001.

(1) Excludes the employer share of federal civil service CPSS payments from revenues originating in contributions to the Social Security Plan (CPSS) and personnel outlays, with no impact on the consolidated primary result.

(2) Data from the Ministry of Social Security. The division of the RGPS result between urban and rural is done by the Ministry of Social Security according to specific methodology.

(3) Includes outlays on grants to regional funds and, as of 2005, spending on the restructuring of liabilities.

(4) Expenses related to paid-in capital for the Fiscal Investment and Stabilization Fund (FFIE) from the SFB, as established by Law 11,887/2008, MP 513/2010 and Decree 6,713/2008.

(5) Contribution Revenues minus Social Security Benefits.

(6) Administrative expenditures net of own revenues (includes transfers from the National Treasury).

CENTRAL GOVERNMENT BALANCE BRAZIL, JAN - SEP (% GDP)		
DISCRIMINATION	2010	2011
Total Revenue	25.24%	24.19%
Transfers	3.72%	4.10%
<b>Net Revenue</b>	<b>21.53%</b>	<b>20.09%</b>
Total Expenditures	19.45%	17.57%
<b>Primary Balance</b>	<b>2.08%</b>	<b>2.51%</b>

Concerning gross revenue of the National Treasury, there was an increase of R\$ 3.3 billion (5.8%), going from R\$ 56.6 billion in August to R\$ 59.9 billion in September 2011. This behavior was determined mainly by: i) the increase of R\$ 3.6 billion in Other revenues, specially, the increase of R\$ 3.7 billion in dividends revenue; ii) the increase of R\$ 346.5 million regarding the first or only installment of Rural Property Tax - ITR concerning 2010; iii) the increase of R\$ 291.9 million in the collection of Industrialized Products Tax (IPI); and iv) the decreases of R\$ 304.3 million in the Contribution to Social Security Financing (Cofins), R\$ 276.6 million in Corporate income tax (IRPJ) and R\$ 246.8 million in the collection of the Social Contribution on Net Corporate Profits (CSLL).

TRANSFERS TO STATES AND MUNICIPALITIES BRAZIL, 2011 (R\$ million)		
DISCRIMINATION	AUG/11	SEP/11
Constitutional (IR/IPI/Other)	9,802.4	7,869.4
CIDE - Fuels	0.0	0.0
Comp. Law 115/2002 <sup>1</sup>	162.5	162.5
Other	4,223.5	1,601.5
<b>Total</b>	<b>14,188.4</b>	<b>9,633.4</b>

<sup>1</sup> Includes financial support.

Transfers to States and Municipalities amounted to R\$ 9.6 billion in September 2011, against R\$ 14.2 billion in the previous month, decreasing by 32.1%. This reflects the decrease of R\$ 2.6 billion in other transfers, specially due to the seasonal transfer of R\$ 2.0 billion regarding special participation rights on oil and natural gas exploitation in August with no corresponding event in September. Constitutional transfers recorded R\$ 7.9 billion, rising by 19.7% when compared to August.

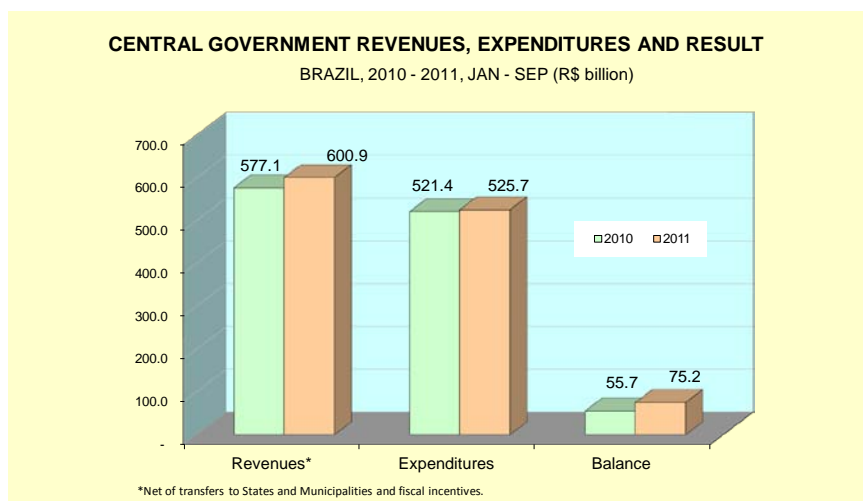
Concerning expenses, there was a growth of R\$ 391.3 million (1.2%) on the expenditures of the National Treasury compared to August. Part of this increase is explained by the R\$ 203.7 million growth in Personnel and payroll expenditures. It is worth noting the increase of R\$ 156.4 million in the Workers Support Fund - FAT expenditures and the expenditures on unemployment benefits and on salary bonus following the payment schedule for August 2011/July 2012, defined by Codefat Resolution 668 from June 28, 2011.

Discretionary expenditures amounted to R\$ 12.0 billion, recording a R\$ 766.3 million step-up, mainly due to the Ministries of Health (R\$ 572.0 billion) and Defense (R\$ 127.5 million). On the other hand, the expenditures of the Ministry of Agrarian Development reduced by R\$ 133.9 million when compared to August.

CENTRAL GOVERNMENT BALANCE BRAZIL, JAN-SEP (R\$ million)		
DISCRIMINATION	2010	2011
Total Revenue	676,709.8	723,592.5
Transfers	99,610.6	122,705.9
Net Revenue	577,099.1	600,886.6
Total Expenditures	521,399.6	525,687.9
<b>Primary Balance</b>	<b>55,699.6</b>	<b>75,198.7</b>

Social Security recorded a R\$ 9.4 billion deficit against a R\$ 3.9 billion deficit observed in August. Social Security (RGPS) net revenue decreased R\$ 657.5 million. Social security benefits rose R\$ 4.8 billion, partially explained by anticipated partial payment of Christmas bonus to a set of retirees and recipients. The division of social security result by clientele shows that the urban part of RGPS recorded a R\$ 4.2 billion deficit in September, compared to a R\$ 1.7 billion surplus in August. The rural part deficit summed R\$ 5.1 billion, whereas in August the deficit recorded R\$ 5.6 billion.

On the first nine months of the year, the recorded surplus amounted to R\$ 75.2 billion, against a R\$ 55.7 billion surplus on the same period of 2010, registering a growth of R\$ 19.5 billion (35.0%), in the comparison of the two periods. This behavior reflects the growth of R\$ 14.8 billion (15.4%) in the National Treasury surplus and the reduction of R\$ 4.9 billion (12.3%) in the Social Security deficit.



*In the first nine months of 2011, the Central Government primary surplus was equivalent to R\$ 75.2 billion, exceeding the surplus of the same period of 2010 in R\$ 19.5 billion.*

National Treasury gross revenue, from January to September 2011, registered an expansion of R\$ 23.4 billion (4.3%) compared to the same period of 2010. This growth is mainly due to the following reasons: i) increase in IRPJ (R\$ 13.8 billion, 21.4%) and CSLL (R\$ 11.7 billion, 34.7%) due to the enterprises' results from the last quarter of 2010 and to the 2010 tax statement, collected in the first quarter of 2011, as well as, in the case of CSLL, due to the payment of a delay debt in the amount of R\$ 5.8 billion and, in the case of IRPJ, due to the reclassification by estimation registered in 2011, in the amount of R\$ 3.1 billion; ii) rise in Cofins (R\$ 16.4 billion, 16.3%) and Contribution to the Social Integration Program and Civil Service Asset Formation Program – PIS/Pasep (R\$ 4.6 billion, 17.4%) collection due to step-up in sales, to the growth of collection of Cofins/PIS referring to imports, as well as extraordinary collection of judicial deposits and legal additions; iii) collection increment of Withheld Income Tax – IRRF (R\$ 16.0 billion, 22.5%), specially on Labor Earnings (R\$ 7.6 billion, 17.6%), Capital Earnings (R\$ 5.9 billion, 38.7%) and International (R\$ 1.8 billion, 22.9%); iv) expansion of IPI collection (R\$ 5.9 billion, 21.0%) due to the general economic dynamics and changes in tax law.

Other Revenues decreased R\$ 60.9 billion, due to the Oil Exploration Cession collection of R\$ 74.8 billion in September 2010, without counterpart in 2011.

NATIONAL TREASURY RESULT BRAZIL, JAN - SEP (% GDP)		
DISCRIMINATION	2010	2011
Treasury Revenues (*)	19.73%	18.44%
Transfers	3.72%	4.10%
Treasury Expenditures	12.44%	10.64%
Sovereign Fund	0.00%	0.00%
<b>Primary Result</b>	<b>3.58%</b>	<b>3.70%</b>

(\*) Net of restitutions and fiscal incentives

*Transfers to States and Municipalities rose R\$ 23.1 billion (23.2%) in the first nine months of the year compared to the same period in 2010.*

In the first nine months of the year, transfers to States and Municipalities recorded an increase of R\$ 23.1 billion (23.2%) compared to the same period of 2010. Such a behavior is explained mainly by: i) the rise of R\$ 19.3 billion (26.0%) on constitutional transfers (IPI, IR, others), reflecting the overall increase in collection, during the period, of shared taxes (income tax and IPI); and ii) the increase of R\$ 2.9 billion (73.4%) in Fundeb-related transfers, mainly due to the values transferred in January and April of 2011, in accordance to the transfer schedules determined by Interministerial Regulation 577/2010 and to the annual financial adjustment of the 2010 transferred flows, in April 2011, as determined by Regulation MEC 380/2011. It is important to notice that in January 2010 there was a transfer of R\$ 516.6 million, resulting from a financial support transfer to Municipalities (Law 12,058/2009). Additionally, in April 2010, other transfers were impacted by the financial support to States and the Federal District, amounting to R\$ 800.0 million (Provisional Measure 485/2010). These last two entries had no equivalent in 2011.

*PAC Expenses increased R\$ 3.7 billion (25.9%) in 2011, compared to the first nine months of 2010.*

Until September 2011, National Treasury expenditures dropped by R\$ 15.2 billion (4.6%) compared to the corresponding period of 2010. This behavior was mainly due to the capitalization of Petrobras in 2010 with no similar event in 2011. It is also worth noting the following growths: i) R\$ 11.8 billion (9.8%) in payroll, (which corresponds to a reduction of 0.07 as a percentage of GDP); ii) R\$ 6.9 billion (7.2%) in discretionary expenses; iii) R\$ 3.7 billion (25.9%) in PAC expenditures; and iv) R\$ 2.0 billion (12.2%) on LOAS/RMV benefits.

*Social Security deficit dropped R\$ 4.9 billion (12.3%) compared to 2010, equivalent to 1.17% of GDP compared to 1.48% of GDP in the same period of 2010.*

Finally, Social Security deficit dropped R\$ 4.9 billion (12.3%) compared to the first nine months of 2010, amounting to R\$ 34.9 billion, against R\$ 39.8 billion in the corresponding period of the previous year. Net collection increased R\$ 24.2 billion (16.5%), mainly due to growth in overall wages, which impacts contributions on payroll. In their turn, outlays on social benefits increased R\$ 19.3 billion (10.4%). The distribution of the social security balance by clientele shows that the urban part of RGPS displayed a surplus of R\$ 6.1 billion, while the rural part recorded a deficit of R\$ 41.0 billion.